

October 25, 2010

*Legislation Would Create a New Inflation Index that Would Accurately Measure Cost Increases Faced by Seniors*

**WASHINGTON, DC-**Today, RetireSafe President Thair Phillips commended U.S. Rep. Michael A. Arcuri (NY-24) for his support of *the CPI for Seniors Act (H.R. 5305)*, which would create a new inflation index to accurately measure cost increases faced by older Americans. The Social Security Administration (SSA) recently announced that there will be no Cost-of-Living-Adjustment (COLA) for 2011, making it the second consecutive year that Social Security retirees, veterans, and people with disabilities will see no adjustment to their benefits. This unprecedented situation is a result of the past year's economic conditions and is unrelated to actions taken by Congress or the Administration.

"It is clear that the index currently used to determine COLAs does not accurately reflect the economic reality faced by seniors," **said Arcuri, who is one of five original co-sponsors of this legislation**. "The CPI for Seniors Act would establish a new formula to account for the fact that seniors typically spend more on things like health care and energy, the costs of which continue to rise dramatically."

"On behalf of RetireSafe's 400,000 senior citizen supporters nationwide, and millions of Social Security beneficiaries, I want to commend and thank Congressman Arcuri, who really stepped up to help older Americans," **Phillips said**. "As seniors again face the prospect of a "zero" Social Security Cost of Living Adjustment (COLA) for the year ahead, based on the use of an inaccurate Consumer Price Index (CPI). The CPI for Seniors Act would finally and for all time solve the faulty CPI that annually produces an incorrect Social Security COLA."

*The CPI for Seniors Act* would direct the Bureau of Labor Statistics (BLS) to develop a new price index, called the Consumer Price Index for Seniors (CPI-S), that more accurately accounts for seniors' actual costs. Currently, BLS calculates annual automatic Social Security COLAs using a measure of inflation known as the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W). The CPI-W assumes that medical spending accounts for just over 5 percent of consumers' expenditures. Yet one recent study found that among households with Medicare recipients, health care accounts for more than 14 percent of total spending. Older

Americans are also more likely to be homeowners, which exposes them to different costs and budgetary pressures.

In response to the announcement that there will be no COLA for 2011, the U.S. House of Representatives will soon take up *the Seniors Protection Act (H.R. 5987)*, which would provide Social Security recipients with a one-time \$250 payment. Last year, the American Recovery and Reinvestment Act of 2009 (Recovery Bill) provided seniors and other beneficiaries with a \$250 economic recovery payment to boost the economy and help them weather an anticipated absence of a COLA. A recent study by the Economic Policy Institute showed that these payments to seniors in 2009 strengthened the economy, increasing the nation's GDP by 0.5% in the second quarter of the year and creating or saving 125,000 American jobs.

Arcuri has long opposed any attempt to privatize Social Security or cut benefits, including increasing the retirement age. Recently, he was thanked by the Strengthen Social Security Campaign, a coalition of 150 state and national organizations representing 50 million members, for joining over 120 members of Congress in sending a letter to the President opposing any cuts to Social Security.

"Congressman Arcuri said NO to Wall Street and the politicians who want to cut Social Security benefits," **said Eric Kingson, co-chair of the Strengthen Social Security Campaign.** "He clearly understands that Social Security belongs to the people who have worked hard all their lives and contributed taxes to the program. Social Security is a promise to all Americans that has withstood the test of time and represents the best of American values - rewarding hard work, honoring our parents and caring for our neighbors."

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